



## ***Recent Happenings and Upcoming Events in the TTSE***

Reporting season is here again and many of the publicly traded companies have published their respective quarterly figures. Investors in the local stock market would have noticed a dramatic turnaround in the movement of share prices and indices on the Trinidad and Tobago Stock Exchange (TTSE) in the last couple of months. Several brokers and traders may comment that the August-September period is a traditionally slow one for stocks, making the observation that the current supply of shares grossly outweighs the demand on the market. There is no way to tell for sure if the market has bottomed out, but fundamental factors should drive would-be stock investors to be looking for buying opportunities on the TTSE now. Below we take a look at a few of the companies that recently published results.

### **Guardian Holdings Limited**

Guardian Holdings Limited (GHL) showed comparably stronger performance in the first half of the year ending June 2008, reporting more than half a billion dollars in net profit, with an earnings per share (EPS) of \$2.65. GHL's results were significantly propped up by the proceeds from the sale of its 18% holdings in Panama-based Grupo Mundial. Adjusting for this one-time gain, which was booked at TT\$349.4 million, GHL produced admirable results with an adjusted EPS of \$1.36, up from a loss per share of 81 cents in the same period last year. Earnings growth was derived from year-on-year increases in both insurance premiums revenues as well as investment income, proving that the insurance giant still has the ability to expand on its core business.

Of additional consequence to GHL's second quarter results was the completion of the greatly anticipated acquisition of RBTT Financial Holdings (RBTT) by the Royal Bank of Canada (RBC). GHL, a substantial shareholder of then RBTT Financial Holdings, subsequently had to book fair value losses of TT\$133 million as a result of the decline in the value of the RBC share, negatively impacting GHL's bottom-line.

Nevertheless, the turnaround in the company's performance is admirable. At the time of writing this article, GHL is trading at \$24.25. Our 12-month target for the share is \$37.40 making it probably a good time to buy GHL.

### **Ansa McAI**

For the six month period ending June 2008, Ansa McAI (AMCL) reported an EPS of \$1.58, an increase of 14.5% over the same period last year. AMCL is a company that is organized into several business segments, and at June 2008, management indicated that all of the segments experienced organic growth for the period, which is commendable considering the high inflationary environment that local businesses are currently faced with.

---

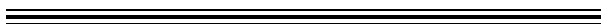
AMCL is a solid company with a very good track record and a positive future. At a forward P/E multiple of about 14.5 times, our 12-month valuation for AMCL is \$64.05.

### **Sagicor Financial Corporation**

Sagicor Financial Corporation (SFC), trading at \$18.53 at the time of writing, is severely undervalued and an option for potential buyers to get in to for the medium to long-term at the current price. At its half year (June 2008), SFC reported solid growth, recording EPS of US\$0.12 per share (up 27% over the same period last year). Contributing to this EPS growth was the noted improvement in SFC's core earnings stream (premium revenue was up 48%), as well as the growth in investment income (up 17% over the previous year).

SFC continues its strategy of growth via acquisition, completing the takeover of Barbados Farms Limited in their first half year, and the recent announcement of their intention to acquire the group health insurance portfolio of Blue Cross Jamaica Ltd. Also advantageous to SFC is the fact that its Jamaican subsidiary, Pan Caribbean Financial Services launched commercial banking operations in Jamaica.

With a forward P/E multiple of about 10 times, SFC is a relatively cheap stock. Our valuation models project SFC to be trading at \$25.56 in a 12-month horizon. It is therefore a very good buy for potential investors.



### **A Brief Look at Supreme Ventures**

On a different note, you may or may not know that Jamaican-domiciled and publicly traded company Supreme Ventures Limited (SVL) will be cross-listed on the Trinidad and Tobago Stock Exchange in the near future. We thought it appropriate therefore, to give you a brief introduction to the company.

The SVL Group is organized into four main business segments:

- Lottery (lottery games operated through agents' network),
- Gaming and Hospitality (games offered at gaming houses),
- Financial Services (foreign exchange services and MoneyGram remittance services), and
- Pin Codes and Other (sale of mobile phone pin codes).

SVL's major source of income arises out of the Lottery segment, which accounted for 90% of the Group's revenue at half-year 2008 (30 April 2008). As at Q2 2008, total operating profit was up 57% over the same period last year. Of the four business segments, Lottery and Pin Codes posted improved results. Financial Services posted a marginal fall off in operating profit, whereas the Gaming and Hospitality segment actually lost money for the Group in the period ending April 2008.

In recent news, the company lost J\$150 million in potential sales as a result of shut downs due to the passage of Hurricane Gustav, a decision which was taken following damage to the company's systems after Hurricane Ivan in 2004.

In terms of expansionary efforts, earlier this year SVL attempted to branch out of their Jamaican market and establish a presence in Trinidad. However, their attempts proved futile since the Government of Trinidad and Tobago announced their intention to cease the operation of gaming locally.

It must be noted that there has been a fall off in the number of tourists entering Jamaica recently, partly attributable to the United States recession. Due to the fact that SVL's gaming houses are situated in tourist destinations like Montego Bay, the Gaming sector has been negatively impacted and will likely suffer additional losses going forward. However, the gambling industry on a whole is considered to be counter-cyclical, and even though inflation levels are high in Jamaica, SVL's major revenue source (Lottery) will likely not be affected by the state of the economy. We therefore expect continuing growth levels for SVL by the end of fiscal 2008, and going forward.

Management at SVL has stated that current shareholders of the stock will have the option of transferring their units to the TTSE at a combined fee of US\$28.35 per transaction once the stock is listed on the TTSE, after which you can trade the share locally.

---

### ***Current Happenings in Local and International Markets:***

- Harder to set up shop ...T&T falls in World Bank business rankings
  - Plipdeco records 52-week high
  - Government of T&T seeks to borrow \$7 billion for infra projects
  - Pan Caribbean appoints deputy CEO
  - CSME under stress, again
  - Relief efforts continue for Hurricane Ike victims in Bahamas
  - U.S. Foreclosures Hit Record in August as Housing Prices Fell
  - US Stocks fluctuate as energy rises, financials fall
  - Lehman Brothers shares resume decline as it seeks buyers, confidence wanes
  - US Retail sales fall for second straight month; producer prices drop in August
  - Deutsche Bank Agrees to Purchase Stake in Postbank
  - China Industrial-Output Growth Is Slowest in 6 Years
  - Japan Economy Shrank 3% Last Quarter as Exports, Spending Fell
  - Brazilian Stocks Raised to 'Major Overweight' at Morgan Stanley
  - U.S. Trade Deficit of \$62.2 Billion Exceeds Forecast
  - China Inflation Cools to 4.9% as Export Growth Slows
-

**Table 1: Regional Market Performance (as at 11 September 2008)**

Index	Closing Value	Weekly Change (%)	Monthly Change (%)	YTD Change (%)	1 Year Change (%)
TTSE Composite	1,111.13	-1.53	-3.99	12.87	20.64
All Trinidad	1,488.32	-0.87	-4.04	23.35	28.81
JSE Index	105,931.46	-0.93	-1.02	-1.47	13.11
JSE Select	2,955.20	-0.12	-0.32	1.65	10.61
All Jamaica	107,539.51	-0.28	0.04	1.59	9.85
BSE Composite	1,071.20	0.00	0.35	4.12	9.87

**Table 2: International Market Performance (as at 11 September 2008)**

Index	Closing Value	Weekly Change (%)	Monthly Change (%)	YTD Change (%)	1 Year Change (%)
S&P 500	1,249.05	0.97	-4.31	-13.69	-15.12
Nasdaq Composite	2,258.22	-0.04	-7.45	-13.47	-13.06
Dow Jones Industrial	11,433.71	2.19	-2.96	-12.34	-14.09
German Dax	6,178.90	-1.60	-6.52	-22.27	-17.15
FTSE 100	5,318.40	-0.81	-4.03	-17.12	-15.32
Nikkei 225	12,102.50	-3.62	-9.89	-20.94	-23.78
Hang Seng	19,388.72	-4.91	-11.30	-29.65	-19.05
Eurostoxx	3,222.10	-1.61	-6.49	-25.74	-23.23

**DISCLAIMER**

*The information contained in this documentation is for your information only. All information contained in this documentation has been obtained from and is based on sources, including but not limited to, newspaper and magazine articles that CMMB believes to be accurate and reliable. However such information, facts, calculations, methodology, assumptions and estimates contained in this documentation have not been verified by us. All opinions and estimates constitute the Author's judgment as of the date of the documentation which are subject to change; however neither its accuracy and completeness nor the opinions based thereon are guaranteed. As such, no warranty, express or implied, as to the accuracy, timeliness or completeness of this documentation is given or made by CMMB in any form whatsoever. Consequently, CMMB assumes no liability for the accompanying information, which is being provided to you solely for general information.*